

**Before the**  
**FEDERAL COMMUNICATIONS COMMISSION**  
**Washington, DC 20554**

In the Matter of	)	
	)	
Potential options for minimizing	)	
impact on consumers without	)	
DTV tuners or pay television	)	MB Docket No. 04-210
service when broadcasters are	)	
operating solely in digital	)	

**COMMENTS OF CITIZENS TELEPHONE COOPERATIVE**

Citizens Telephone Cooperative, a rural telephone company and 700MHz licensee who is interested in providing wireless broadband to rural areas, hereby submits these comments in response to the Commission’s Notice of Inquiry (“NOI”) MB Docket No. 04-210 seeking comment on potential options for minimizing the impact on consumers who do not have DTV *Digital Television* tuners or subscribe to pay television service when broadcasters are operating solely in digital. Clearing the 700MHz spectrum of television broadcasts will promote innovative applications for wireless and opportunities for broadband in rural America. For that reason Citizens Telephone Cooperative applauds the FCC’s efforts and interest in minimizing the disruption to over-the-air consumers when the digital transition of television broadcast occurs.

Citizens Telephone Cooperative supports the idea that conversion of over-the-air consumers could be subsidized by using the proceeds from future spectrum auctions. We

recognize that a government subsidy funded by future auction proceeds would require Congressional approval. While not an easy task, we believe that Congressional approval can be won. Citizens Telephone Cooperative also recognizes that any such subsidy should have restrictions as to who may receive funds and what they can be used for. In order to convert as many households as possible the subsidy should be limited to one per household. The subsidy should apply to all options the consumer has to receive digital programming (Set Top DTV tuner, Digital Television, installation of pay service). This will ensure that the most number of households will make the transition. It should only apply to those who currently do not subscribe to pay television service or have not in the last 90 days and do not have any method of watching digital broadcast.

Citizens Telephone Cooperative is strongly opposed to any effort to force past auction winners pay for conversion of analog-only equipment. Such action would not only be a grave injustice and economical burden on auction winners and rural America, but an abrupt departure from the Commission's previous recognition of the fundamental unfairness of retroactive action as well. Wireless auction winners have spent millions of dollars on spectrum auctioned by the Commission, under rules set by the Commission. Auction winners have also spent an untold amount on planning advanced wireless systems and equipment for those networks. Many are very close to deploying services, to change the rules and force the winners to pay for DTV converters or any part of the DTV transition would effectively kill those deployments. The companies that were able to deploy systems would have no choice but to pass those costs on to consumers.

Citizens Telephone Cooperative urges the Commission to allow the future auctions of 700MHz and all other spectrum to be auctioned in small CMA *Cellular*

*Market Areas* and RMA *Rural Market Areas* instead of EAG *Economic Area Groups*. We contend that by allowing those auctions to be broken up into smaller areas the Government would receive more monies and put more emphasis on providing service for rural America. Auction 44 has shown that there is an enormous interest from smaller companies to provided advanced wireless services to all citizens. Without the Commissions help these companies will not have a chance to compete for the spectrum necessary to provide advanced wireless services.

In conclusion Citizens Telephone Cooperative supports the ideal of using future auction proceeds to subsidize the conversion of over-the air consumers to digital programming. Citizens Telephone Cooperative is strongly opposed to any effort to retroactively impose fees on past auction winners. It would be fundamentally unfair and a sharp departure from current policy, if prior auction winners were forced to pay for this transition. An immeasurable economic burden would be placed upon prior auction winners and rural America.

July 12, 2004  
Citizens Telephone Cooperative

Gary Tickle

